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DEPARTMENT OF THE TREASURY

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amount of otherwise allowable itemized deductions is reduced under § 68, is \$145,950 (or \$72,975 for a separate return filed by a married individual).

.12 Qualified Transportation Fringe. For taxable years beginning in 2005, the monthly limitation under § 132(f)(2)(A) (regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass) is \$105. The monthly limitation under § 132(f)(2)(B) (regarding the fringe benefit exclusion amount for qualified parking) is \$200.

.13 Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses. For taxable years beginning in 2005, the exclusion under § 135 (regarding income from United States savings bonds for taxpayers who pay qualified higher education expenses) begins to phase out for modified adjusted gross income above \$91,850 for joint returns and \$61,200 for other returns. This exclusion completely phases out for modified adjusted gross income of \$121,850 or more for joint returns and \$76,200 or more for other returns.

.14 Adoption Assistance Programs. For taxable years beginning in 2005, under § 137(a)(2) the maximum amount that can be excluded from an employee's gross income in connection with the adoption by the employee of a child with special needs is \$10,630. For taxable years beginning in 2005, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by the employer for qualified adoption expenses furnished pursuant to an adoption assistance program in connection with other adoptions by the employee is \$10,630. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$159,450 and is completely phased out for taxpayers with modified adjusted gross income of \$199,450. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.15 Private Activity Bonds Volume Cap. For calendar years beginning in 2005, the amounts used under § 146(d)(1) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (i) \$80 multiplied by the State population, or (ii) \$239,180,000.

.16 Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow. For calendar year 2005, under § 1.148-5(e)(2)(iii)(B)(1), a broker's commission or similar fee with respect to the acquisition of a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable to the extent that (i) the amount of the fee that the issuer treats as a qualified administrative cost does not exceed the lesser of (A) \$31,000, or (B) 0.2 percent of the computational base (as defined in § 1.148-5(e)(2)(iii)(B)(2)) or, if more, \$3,000; and (ii) the issuer does not treat more than \$87,000 in brokers' commissions or similar fees as qualified administrative costs with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the issue.

.17 Personal Exemption.

(1) **Exemption amount.** For taxable years beginning in 2005, the personal exemption amount under § 151(d) is \$3,200.

(2) **Phase out.** For taxable years beginning in 2005, the personal exemption amount begins to phase out at, and is completely phased out after, the following adjusted gross income amounts:

Filing Status	AGI - Beginning of Phaseout	AGI - Exemption Fully Phased Out
Married Individuals Filing Joint		